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Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-02 INR-10
L-03 NSAE-00 NSC-05 PA-02 SP-02 SS-15 ICA-20
TRSE-00 OMB-01 DOE-15 SOE-02 AGRE-00 COME-00
EB-08 LAB-04 STR-07 FRB-01 HA-05 HEW-06 SIL-01
/127 W
----------066454 281436Z /72
P 281310Z JUN 78
FM AMCONSUL QUEBEC
TO SECSTATE WASHDC PRIORITY 1386
INFO AMEMBASSY OTTAWA PRIORITY
AMCONSUL MONTREAL

UNCLAS QUEBEC 0224

E.O. 11652: N/A
TAGS: PINT, CA
SUBJ: WRAP-UP OF FIRST HALF OF NATIONAL ASSEMBLY SESSION

1. QUEBEC'S NATIONAL ASSEMBLY ADJOURNED FOR THE SUMMER JUNE 24 AFTER PASSING A SPATE OF ELEVENTH HOUR LEGISLATION. THE CURRENT SESSION WILL RESUME OCTOBER 3. UNDER REGULATIONS ADOPTED THIS YEAR TO AVOID A REPETITION OF LAST SUMMER'S AGONIZINGLY PROLONGED DEBATE ON BILL 101, THE ASSEMBLY NOW OPERATES UNDER A FIXED CALENDAR AND MUST BREAK FOR THE SUMMER BEFORE JUNE 24TH, THE ST. JEAN BAPTISTE NATIONAL HOLIDAY.

2. SOME FIFTY BILLS WERE PASSED DURING THE CURRENT SESSION, NOTABLY BILL 70 CREATING A STATE CORPORATION FOR ASBESTOS, AND BILL 92, THE REFERENDUM ENABLING LEGISLATION. BOTH BILLS WERE SUBJECT OF LONG AND ACRIMONIOUS DEBATE ON THE ASEMBLY FLOOR AND IN PARLIAMENTARY COMMITTEE. BILL 70 WAS THE OBJECT OF AN EXTENSIVE FILIBUSTER BY THE OPPOSITION LIBERALS. THE SESSION WAS ALSO HIGHLIGHTED BY THE INTRODUCTION OF A MODERATELY STIMULATIVE BUDGET BY FINANCE MINISTER JACQUES PARIZEAU.
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IN CONTRAST TO 1977'S AUSTERITY BUDGET, THIS ONE WAS WELL RECEIVED. IT CALLED FOR MODEST INCOME TAX CUTS FOR SMALL AND MEDIUM WAGE-EARNERS (AND A CORRESPONDINGLY BIGGER BITE FOR UPPER-INCOME TAXPAYERS), AND ELIMINATED THE PROVINCIAL SALES TAX IN FOUR "SOFT" SECTORS, TEXTILES, SHOES, CLOTHING, AND FURNITURE, AS WELL AS THE TAX ON HOTEL ROOMS. THE SELECTIVE SALES TAX CUTS FLEW IN THE FACE OF OTTAWA'S PROPOSED ACROSS-

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THE-BOARD CUTS AND GAVE RISE TO THE NOTORIOUS "SALES TAX
BATTLE" BETWEEN QUEBEC AND OTTAWA, UPON WHICH EMBASSY OTTAWA
AND THIS POST HAVE REPORTED EXTENSIVELY. THE SALES TAX BATTLE
IS STILL NOT OVER, SINCE PARIZEAU WILL NOT ANNOUNCE UNTIL THE
FALL HOW HE PLANS TO RECUPERATE THE DOLS 186 MILLION WHICH OTTAWA
WILL RETURN DIRECTLY TO QUEBEC'S TAXPAYERS. IN ALL LIKELIHOOD,
A SPECIAL TAX WILL BE LEVIED (THE "CHRETIEN TAX") FOR WHICH
THE GOVERNMENT WILL BLAME OTTAWA.

3. THE GOVERNMENT'S RELIEF MEASURES FOR LOWER AND MIDDLE
INCOME TAXPAYERS WERE COUPLED WITH A NUMBER OF OTHER MEASURES
DESIGNED TO BURNISH THE PQ'S SOCIAL-DEMOCRATIC IMAGE:
LAWS WERE PASSED PROVIDING CERTAIN RIGHTS TO HANDICAPPED PERSONS,
PERMITTING CLASS-ACTION LAWSUITS, AND PROVIDING FOR MATERNITY
LEAVES. ALL WAS NOT ROSES FOR THE PQ ON THE "PROGRESSIVE"
FRONT, HOWEVER: BILL 50, THE CIVIL SERVICE REFORM LAW, WAS STRONGLY

OPPOSED BY THE CIVIL SERVICE UNIONS, FORESHADOWING HARD TIMES
FOR THE GOVERNMENT IN THEIR NEGOTIATIONS WITH THE PUBLIC AND
PARA-PUBLIC SECTORS, WHERE CONTRACT TALKS ARE ENTERING THE PRELIM-
INARY STAGES.

4. ALL IN ALL, THE SESSION COULD BE TERMED A MODERATELY
PRODUCTIVE ONE AFTER A SLOW START. ALTHOUGH ASSEMBLY DEBATE
ON THE ASBESTOS AND REFERENDUM LAWS WAS HEATED, THERE WAS
RELATIVELY LITTLE PUBLIC CONTROVERSY OUTSIDE THE NATIONAL ASSEMBLY
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ON ANY OF THE MEASURES BEING CONSIDERED, IN SHARP CONTRAST
TO LAST YEAR'S FUROR OVER THE LANGUAGE LEGISLATION. THE ONE
DOCUMENT WHICH COULD HAVE AROUSED MUCH CONTROVERSY WAS CAMILLE
LAURIN'S LONG-AWAITED WHITE PAPER ON CULTURAL DEVELOPMENT,
BUT THIS TURNED OUT TO HAVE BEEN SO SANITIZED BY THE CABINET
THAT IT CAUSED VERY LITTLE STIR.
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